



USAID
FROM THE AMERICAN PEOPLE



QUARTERLY PROGRAM PERFORMANCE REPORT

JULY – SEPTEMBER 2013

ASSESSMENT AND STRENGTHENING PROGRAM



21-22 Sep 2013: Establishment of Internal Audit in Khyber Pakhtunkhwa; Focus Group Discussion on Internal Audit Toolkits and Process Documentation

October 30, 2013

ACRONYMS

AHAN	Aik Hunar Aik Nagar
AG	Accountant General
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AJK	Azad Jammu & Kashmir
ASP	Assessment and Strengthening Program
BoD	Board of Directors
C&W	Communications and Works
CB	Capacity Building
CGA	Controller General of Accounts
CSO	Civil Society Organization
DAGP	Department of Auditor General of Pakistan
ECNEC	Executive Committee of the National Economic Council
FCA	Foreign Currency Account
GB	Gilgit-Baltistan
GoP	Government of Pakistan
HEC	Higher Education Commission
HR	Human Resource
HSA	Health Services Academy
IAC	Internal Audit Cell
IPAF	Institutional Performance Assessment Framework
IPR	Implementation and Procurement Reforms
IR	Intermediate Result
IT	Information Technology
JIMS	Jaccobabad Institute of Medical Sciences
KP	Khyber Pakhtunkhwa
FM	Financial Management
LMS	Learning Management System
M&E	Monitoring and Evaluation
MD	Managing Director
MER	Monitoring, Evaluation and Research
MIS	Management Information System
MoF	Ministry of Finance
MSDP	Municipal Services Delivery Program

NIM	National Institute of Management
NPS	National Procurement Strategy
NRSP	National Rural Support Programme
NSPP	National School of Public Policy
P&D	Planning and Development
PaRRSA	Provincial Reconstruction, Rehabilitation and Settlement Authority
PC	Planning Commission
PFM	Public Financial Management
PIPS	Pakistan Institute for Parliamentary Services
PPP	Public-Private Partnership
PPRA	Public Procurement Regulatory Authority
PWD	Public Works Department
RMU	Reforms Management Unit
RSPN	Rural Support Programmes Network
SBEP	Sindh Basic Education Program
SMEDA	Small and Medium Enterprise Development Authority
SRS	Software Requirements Specifications
STI	Secretariat Training Institute
SWOT	Strengths, Weaknesses, Opportunities and Threats
US	United States
USAID	United States Agency for International Development
WASC	WAPDA Administrative Staff College

Table of Contents

1. Executive Summary	5
2. Program Progress	8
Intermediate Result 1: Improved Management Systems implemented	8
IR-1: Progress on Output Indicators:	9
<i>Assignment-Wise Indicators details for the current period:</i>	10
<i>Pictures:</i>	12
Intermediate Result 2: Human Resources enabled for enhanced performance	13
IR-2: Progress on Output Indicators	13
<i>Assignment-Wise Indicators details for the current period:</i>	14
<i>Pictures:</i>	15
Intermediate Result 3: Improved PFM Policies and Procedures.....	16
IR-3: Progress on Output Indicators	16
<i>Assignment-Wise Indicators details for the current period:</i>	17
Potential Research Areas	17
<i>Pictures:</i>	18
Two Landmark Reform Initiatives	19
3. Project Implementation	22
Role of Central Program Office & Provincial Program Offices	22
4. Financial Progress for the period July to September 2013	23
Annex – I: Component Wise details of assignments as of September 30, 2013	24

1. Executive Summary

ASP-RSPN achieved significant success in its goals of institutional reform in key areas during the last quarter of 2012-2013. Focusing on the core '**Capacity Building**' component of the program, a number of milestones have been achieved during the current quarter. ASP formally received accolades from some important partner institutions for contributing to their capacity and development of improved or new policies, procedures and management systems. The capacity building support to Awardees organizations i.e. RSPN and NRSP in the identified areas concluded during the reporting period. The policy manuals developed by ASP-RSPN have been approved by their respective BoDs; the updated policies are being implemented by both RSPN and NRSP. Training sessions on the newly developed manuals, having the core staff as well as projects' staff, were also conducted during the quarter.

The project design interventions including the 'Gomal Zam Dam Command Area Development and On-Farm Water Management' project of Irrigation department KP and 'US Need Based Scholarship program' for HEC were presented to ECNEC for approval. The ECNEC has principally approved the core contents of the PC-I of 'Gomal Zam Dam Command Area Development and On-Farm Water Management' project and 'US Need Based Scholarship Program'. These are significant interventions which the Provincial and Federal Departments need to follow-up for implementing ASP's inputs.

The strategically important intervention of 'Establishing Internal Audit Function' in selected departments of KP was successfully concluded during the current quarter. The ASP's proposed internal audit structure got approved by the government which was reflected in the budget for the financial year 2013-14. The GoKP also agreed to set up internal audit as a separate function in Education, Health and Works & Services departments. For all these selected departments, ASP documented the critical processes, financial and performance risks associated with key steps of each process and suggested controls to mitigate the identified risks. Audit programs for all areas, audit planning templates and reporting templates have been exhaustively designed to help managers and field auditors in planning and reporting. The final step in this regard was marked by conducting a workshop/focus group discussion on "**Internal Audit Toolkits and Process Documentation**" organized by ASP-RSPN in collaboration with GoKP during September 2013. The consultative event brought together participants from several departments of GoKP including Finance, Energy and Power, Health, Education, and Communication and Works Department with the objective to make users fully understand the structure and contents of the toolkits.

During the current quarter, ASP-RSPN finalized the M&E manual for SMEDA. It marked the completion of ASP's capacity building assistance to SMEDA. Ministry of Industries appreciated the steps taken by ASP in designing a detailed M&E framework for SMEDA. Based upon the knowledge acquired through ASP-RSPN's technical assistance, SMEDA has been assigned the task to take a lead in implementation of M&E systems across thirty (30) organizations working under the administrative control of the ministry. The training of SMEDA's head office and regional staff on M&E and Human Resource manuals was also completed during August 2013.

Two important workshops were held during the current quarter related to ASP-RSPN's ongoing efforts for strengthening Public Procurement systems in Pakistan. In partnership with PPRA Islamabad, the second meeting of the 'Advisory Group on Public Procurement' was held on 2nd – 3rd of September 2013. Besides discussions on updation of Procurement Code, the National Procurement Strategy was finalized and adopted in principle during the workshop. A second workshop was held at Quetta Balochistan to kick start the 'Launching of Provincial Public Procurement Regulatory Authority (PPRA-Balochistan)'. The event's agenda included detailed deliberations on the existing deliverables shared with government for establishment of PPRA-Balochistan and the upcoming milestones in the assignment.

Computerization activities, including the development of customized Management Information Systems (MIS) for the Secretariat Training Institute Islamabad and PPRA Islamabad continued as per agreed plan during the reporting period. Deployment of the final application having all the modules on STI's local server was completed successfully; modules are being tested by the staff for finalization. Also, the analysis phase in the development of MIS and LMS for PPRA has been completed. The Software Requirements Specifications (SRS) document has been shared with the management for approval. The program development phase will be initiated after the approval of SRS.

ASP-RSPN's on-the-job assistance to the USAID funded MSDP and SBEP projects in Sindh ended in September 2013. Currently with limited PMU staff on board in both the projects, a deferred assistance is expected by the end of next quarter. The developed manuals and policy documents require approval of the projects' Steering Committees.

During the current year less than the target number of assignments were assigned to ASP-RSPN under all program components, resulting in significant gap between annual targets and achievements; details will be given in the subsequent chapters. The 4th year Work Plan has been submitted to USAID for approval. Under the program components, new provincial as well as federal level institutions have been proposed for partnering during the next year. After formal

approval of the plan, detailed Concept Notes and CB plans will be shared with USAID for each individual assignment. The senior management of ASP-RSPN and other two partners briefed the USAID Technical Teams and Deputy Mission Directors of Punjab, Sindh/Balochistan and KP/FATA on the range of activities and model of good practice developed by ASP project. It is anticipated that new capacity building requests will be received during the next year.

ASP-RSPN's senior management at federal and provincial level continued to provide strategic guidance and leadership. Meetings and briefings were given to senior government officials on ASP-RSPN program components. With excellent coordination between Central and Provincial Program Offices, ASP staff members achieved majority of the planned targets. The groundwork for extending institutional strengthening programs to new areas and departments is in place.

2. Program Progress

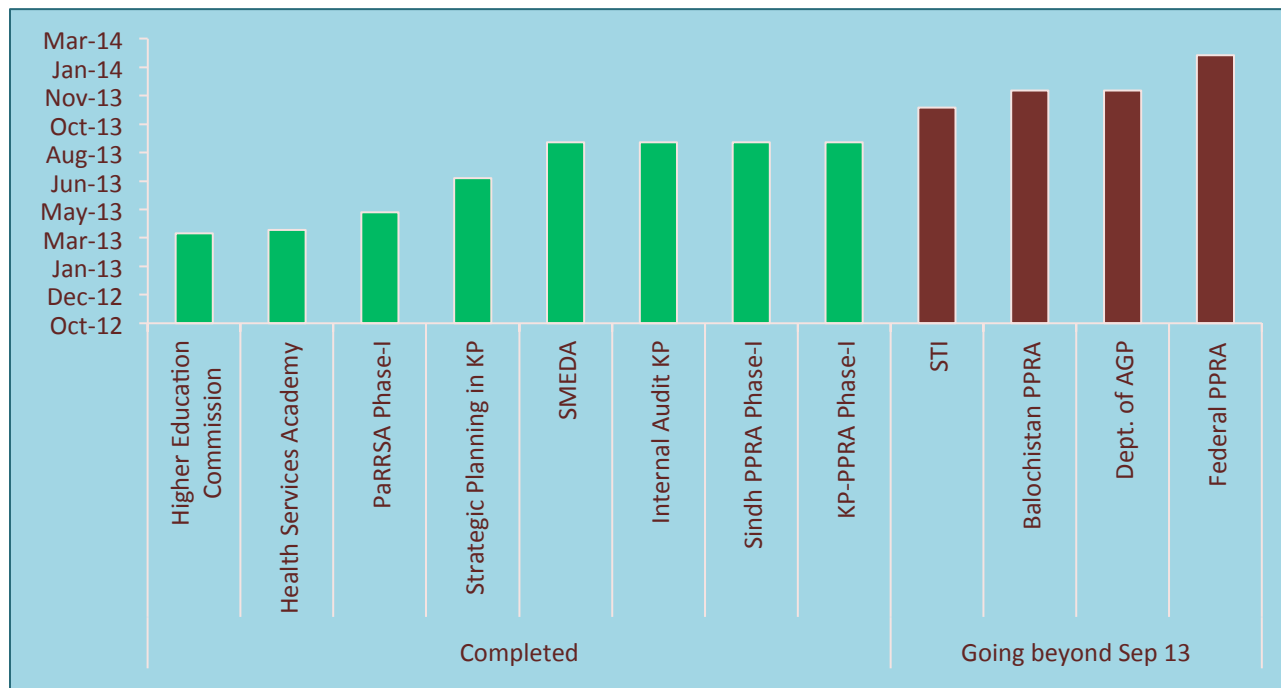
Intermediate Result 1: Improved Management Systems implemented

This result area under the ASP's results framework covers two sub-intermediate results:

- **Sub-IR 1.1: Institutional capacity gaps understood by stakeholders**
- **Sub-IR 1.2: Management systems adopted**

ASP-RSPN received just one (1) Pre-Award assessment during the current year against the target of ten (10), falling under the Output/Sub-IR 1.1. For the assessments of national and provincial institutions planned using the IPAF tool and falling under the same result area, USAID formally informed that IPAF based assessments would be directly undertaken by USAID as part of its own PFM Risk Assessment program. Forty one (41) validations against the annual target of fifty five (55) were assigned to ASP. Forty (40) of these were approved by USAID in September and therefore are expected to be completed during the next quarter. Under the Output/Sub-IR 1.2 encompassing CB activities, six (6) GoP institutions were assigned against the target of ten (10). However, substantial progress has been made on the assigned projects. Four (4) capacity building assignments have been completed during the reporting period.

A graphical representation of the CB activities progress in terms of timelines is given in the following chart:



No new capacity building interventions were assigned to ASP-RSPN during the current quarter. However, ASP-RSPN continued to pursue with PIPS, NSPP and CGA on the proposed capacity building interventions with these institutions.

The following table reflects a summary of annual progress made as of September 30, 2013 against the performance indicators:

IR-1: Progress on Output Indicators:

IR/Sub-IR	Indicator	3 rd Year Target	Current Qtr. Progress	Progress till Sep 2013
IR-1: Improved Management Systems implemented				
Sub-IR 1.1: Institutional Capacity gaps understood by Stakeholders	Number of organizational assessments and researches conducted	30	2	10
	Number of Pakistani organizations whose capacity needs have been established	38	9	17

IR/Sub-IR	Indicator	3 rd Year Target	Current Qtr. Progress	Progress till Sep 2013
Sub-IR 1.2: Management Systems adopted	Number of capacity building plans developed	10	--	6
	Number of Policies & Procedures developed	50	7	43
	Number of IT based Management Systems developed	9	--	3
	Number of new tools & techniques introduced and adopted	89	9	52
	Number of project design activities supported	3	--	2

The disparity between targets and achievements in the above table, especially in Sub-IR 1.1 has resulted from the lower number of assignments received from USAID in Capacity Building, and Assessment components. The assignment-wise details of the above indicators are given below:

Assignment-Wise Indicators details for the current period:

Indicator	Assignment Specific Details for current quarter	Remarks and Issues
1.1.1 Number of organizational assessments and researches conducted	Institutional assessment conducted for PIPS and AHAN	Both the assessment reports shared with USAID PIPS CB plan is being reviewed by PIPS management
1.1.2 Number of Pakistani organizations whose capacity needs have been established	Internal Audit in KP: Under Education dept: Board, Directorate of E&SE & Colleges Under C&W dept: Chief Engineer's Office, SE Office & XEN Office Under Health dept: DG Health Office STI: TNA of Probationers	In total nine (9) institutions covered during the quarter Weaknesses identified in the management processes of individual entities. IA toolkits developed for all entities to mitigate the weaknesses Curriculum updation done on the basis of needs assessment

Indicator	Assignment Specific Details for current quarter	Remarks and Issues
		exercise conducted for Probationers
	RSPN: RSPN's CB plan	RSPN's CB plan shared with USAID for approval
1.2.1 Number of Capacity Building plans developed	No new interventions assigned by USAID during the quarter	PIPS, CGA & NSPP under discussion and finalization
1.2.2 Number of Policies and Procedures developed	Federal PPRA: Procurement rules updated and shared with PPRA STI: Curriculum updation completed for areas including Economic Management, HRM, Public Sector Management & Governance and Financial Management KP-PPRA: Procurement Rules and SBDs updated and shared with department	Seven (7) for the current quarter PPRA management to finalize the rules The updated curriculum is approved by the relevant forum and duly adopted Shared with KP-PPRA
1.2.3 Number of IT based management systems developed	No new IT systems deployed during the quarter	All modules deployed. MIS for STI being finalized Analysis phase for development of website, MIS and LMS of FPPRA completed
1.2.4 Number of new tools and techniques introduced and adopted	SBEP: Allocation structure for new draft release order, Designing Annual Procurement Plan, Designing Stock verification format, RFQ format, NIT format, Risk Assessment format, Audit Plan, Test of Control format, Compliance review formats	In total Nine (9) for the current quarter All these tools & formats have been developed through provision of technical assistance to SBEP and are currently being utilized
1.2.5 Number of project design activities supported	None	No new projects assigned by USAID

Pictures:



Sep 02-03, 2013: 2nd meeting of the Advisory Group on Public Procurement held at Islamabad

Intermediate Result 2: Human Resources enabled for enhanced performance

ASP's Results Framework focuses on enhancing the on-job performance of individuals under its IR-2. The interventions for this result area are targeted at two levels:

- Enhancing the knowledge and skills of individuals through training
- Supporting the application of acquired skills through on-the-job technical assistance

Awardees Training program, training and technical assistance under the individual capacity building plans are contributing in achievements under this result area. During the current quarter eight (8) new trainings were completed for the ongoing capacity building interventions. On-the-job technical assistance also continued for PaRRSA, MSDP Sindh and SBEP.

The following table reflects a summary of annual progress made as of September 30, 2013 against the performance indicators:

IR-2: Progress on Output Indicators

IR/Sub-IR	Indicator	3 rd Year Target	Current Qtr. Progress	Progress till Sep 2013
IR-2: Human Resources enabled for enhanced performance				
Sub-IR 2.1: Knowledge and skills of human resources enhanced	Number of training programs developed	21	8	17
	Number of individuals who benefited from training	833	191	681
	Number of trainings conducted	86	8	35
Sub-IR 2.2: Application of knowledge and skills supported	Number of individuals who receive on-the-job assistance, refreshers and coaching	99	--	59
	Number of consultants provided for short-term technical assistance	86	11	75

The above table reflects CB support to the human resources of awardees organizations as well as partner GoP organizations. Five (5) training programs were developed and conducted for awardees organizations, two (2) for SMEDA and one (1) for the Secretariat Training Institute. Further details are given in the following table:

Assignment-Wise Indicators details for the current period:

Indicator	Assignment Specific Details for current quarter	Remarks and Issues
2.1.1 Number of training programs developed	<p>RSPN, NRSP & ASP: A session for senior executives covering all manuals</p> <p>Training sessions on Procurement & HR, FM and IT manuals</p> <p>Training on Statistical Analysis & Web designing tools</p> <p>SMEDA: Training of M&E and Procurement manuals</p> <p>STI: Simulation workshop for probationers of OMG Group</p>	<p>To train staff on the newly developed manuals</p> <p>To orient probationers on the updated course contents</p>
2.1.2 Number of individuals who benefited from training	<p>RSPN, NRSP & ASP: Overview on manuals:27, FM:22, Procurement & HR:26, IT:5, Analysis & Designing tools:14</p> <p>SMEDA: M&E:23, Procurement:23</p> <p>STI: 51</p>	In total 191 individuals benefited from training
2.1.3 Number of trainings conducted	<p>RSPN, NRSP & ASP: Overview on manuals:1, FM:1, Procurement & HR:1, IT:1 and Analysis & Designing tools:1</p> <p>SMEDA: M&E: 1 and Procurement:1</p> <p>STI: 1</p>	In total 8 trainings conducted during the quarter

Indicator	Assignment Specific Details for current quarter	Remarks and Issues
2.2.1 Number of individuals who receive on-the-job assistance, refreshers and coaching	Nil	
2.2.2 Number of consultants provided for short term technical assistance	WASC: 3, SMEDA: 1, AHAN: 1, Awardees Training: 2, BPPRA: 2, DAGP: 1, PaRRSA: 1	In total eleven (11) new consultants/ experts provided to beneficiary GoP institutions

Pictures:



Aug 21-23, 2013: Training of SMEDA staff on Procurement and M&E manuals held at Lahore

Intermediate Result 3: Improved PFM Policies and Procedures

ASP's third long-term result i.e. IR-3 captures strategic level interventions; activities aimed at improving rules, regulations and facilitating adoption of the policy level reforms. The 'Strategic Interventions' of capacity building component and 'recommendations, updated procedures, policy level changes etc' shared with GoP as a result of ASP's research interventions contribute in this result area. No new research assignment was approved for current year by USAID. However, ASP-RSPN continued interacting with the relevant government organizations by engaging them in serious discussions related to the already completed research studies. A number of meetings with federal and provincial organizations including Planning Commission, MoF, Provincial Finance, P&D departments and other relevant entities were held in this regard.

The following table reflects a summary of annual progress made as of September 30, 2013 against the performance indicators:

IR-3: Progress on Output Indicators

IR/Sub-IR	Indicator	3 rd Year Target	Current Qtr. Progress	Progress till Sep 2013
IR-3: Improved PFM Policies and Procedures				
Sub-IR 3.1: Policy recommendations advocated	Number of research studies conducted	1	--	--
	Number of reforms/ recommendations developed	5	--	--
	Number of policy advocacy activities carried out	34	3	24
	Number of policy level institutions receiving policy reform recommendations or attending advocacy events	47	18	39

During the current reporting period ASP-RSPN did not receive any new area of research from USAID. However, it continued to pursue with the relevant government departments including CGA, MoF & AGPR for implementation of the updated procedure on Assignment Account already shared with them. The approved set of recommendations will accordingly be taken up with relevant GoP institutions through advocacy events. USAID support will be needed to extract

positive results from these collaborations; intended towards adoption of the ASP proposed recommendations by the government departments.

Assignment-Wise Indicators details for the current period:

Indicator	Assignment Specific Details	Remarks and Issues
3.1.1 Number of research studies conducted	Nil	No new topics assigned by USAID
3.1.2 Number of reforms/ recommendations developed	Nil	This indicator is linked with development of new research recommendations as a result of completion of research assignment.
3.1.3 Number of Policy Advocacy activities carried out	<p>FPPRA: 2nd meeting of the Advisory Group on Public Procurement</p> <p>BPPRA: Launching Workshop of BPPRA</p> <p>Internal Audit KP: FGDs on Internal Audit Toolkits and Process documentation</p>	In total 3 Workshops conducted during the quarter
3.1.4 Number of policy level institutions receiving policy reform recommendations or attending advocacy events	<p>KP: Energy & Power Dept & Bank of Khyber</p> <p>Federal/Donors: NCHD, SMEDA, HEC, AusAID</p> <p>Balochistan: NIM, Balochistan Development Authority, Chamber of Commerce, AG office, Agriculture, Irrigation, C&W, Food, Livestock & Public Health Engineering departments</p> <p>AJK: Finance department</p> <p>GB: Finance department</p>	In total eighteen (18) institutions

Potential Research Areas

Keeping in view the scope of Cooperative Agreement, following areas of research were proposed to USAID for approval during the reporting period:

1. Public-Private Partnerships in the social sector of Pakistan
2. Study on linkage of Donor Funded projects to the new accounting system (PIFRA)

Pictures:



Aug 28, 2013: Consultative Workshop on the Launching of Public Procurement Regulatory Authority, Balochistan

Two Landmark Reform Initiatives



Establishing Internal Audit System in Provincial Departments – A Productive Partnership between ASP-RSPN and Government of Khyber Pakhtunkhwa

To improve effectiveness and efficiency and, more importantly, to enable provincial departments of GoKP to fulfill their duty to be accountable and transparent to the public, Assessment and Strengthening Program (ASP) provided technical assistance to institutionalize an independent and professional internal audit system within Education, Communication & Works and Health department.

Auditing is a cornerstone of good public sector governance. Myriad public sector audit activities and reporting relationships exist among different jurisdictions and in different tiers of government. The key point, however, is that public sector audit activities must be configured appropriately to enable public sector entities to fulfill their duty to be accountable and transparent to the public while achieving their objectives effectively, efficiently, economically, and ethically. Ultimately, auditing strengthens public governance by providing for accountability and protecting the core values of the entity, ensuring that managers and officials conduct the public's business transparently, fairly, and honestly, as well as with equity and integrity.

The pre-award assessment of the Government of Khyber Pakhtunkhwa (GoKP) conducted by Deloitte in March 2010 identified internal control as an area of high risk and low confidence level in departments of Khyber Pakhtunkhwa (KP). The report also emphasized for the effectiveness of internal audit and reporting lines.

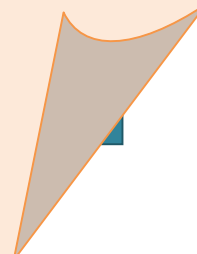
Consequently, GoKP Cabinet in year 2012 took a decision to establish a Government wide internal audit (IA) function to contribute to effective implementation of policies, programs and efficient and effective management of its resources for improved service delivery to the general public. A charter which lays down a very comprehensive and solid foundation for building an effective IA function was approved as a first step. The charter described fairly comprehensive objectives, scope of work, organization, authority, reporting and accountability provisions of the IA wing. While it was decided to introduce the IA function in all Provincial Government Departments, the Finance Department (FD) decided to start with four prioritized departments (Health, Education, C&W and Police) and Pension & Payroll on pilot basis.

Using its own resources the Provincial Finance Department (FD) started with audit of Pension & Payroll first. Realizing the technical complexities involved, FD felt the need for additional technical assistance and approached ASP-RSPN for assistance in implementation of their reform agenda. Internal Audit being a best practice model for all public sector entities, ASP-RSPN decided to support the Government in institutionalizing the Internal Audit system. This strategic support to the government aimed to provide assistance in conducting internal audit in line with the approved charter and international internal auditing standards and further build the capacity of the government officials in implementation. The idea was to establish IA functions within three departments on pilot basis and equip them with latest tools and technologies tailored to the needs of the local environment and enabling them to achieve their intended objectives. These pilot models were then to be replicated horizontally and vertically at all the departments.

Translating the vision of the Provincial Government into a concrete system, ASP-RSPN followed a three-phased strategy starting up with existing process and scope of audit under the approved charter and then proceeding on to establish the entire system and capacity building of all the Government departments. Technical experts in internal audit were deployed to institutionalize an independent and professional internal audit function within Education, Communication & Works and Health department.

In undertaking this exercise lasting six (6) months, ASP-RSPN has been able to identify modern tools and techniques of internal auditing commensurate with international best practices. Simultaneously, ASP proposed a governance structure and reporting relationships for the functioning of Internal Audit Cells (IACs) at provincial and district level. The proposed methodology laid down step by step procedure for planning, executing and reporting on the results of the audit. After detailed deliberation with senior officers of provincial departments and provincial political leadership, the proposed internal audit structure and methodology has been approved by the government. The GoKP has agreed to set up internal audit as a separate function in Education, Health and Works & Services departments. For all these selected departments, ASP has also documented the critical processes, financial and performance risks associated with key steps of each process and suggested controls to mitigate against identified risks. Audit programs for all areas, audit planning templates and audit reporting templates have been designed to help managers and field auditors in planning and reporting on their work.

Considered as a successful intervention, the provincial government of KP in the Budget White Paper 2013-14 announced eighteen positions to establish internal audit function in the selected departments. In this regard ASP's and USAID's contribution has been greatly appreciated. Upon the successful completion of partnership, the KP Government also requested USAID for continued support to mainstream internal audit function in other departments of the provincial government with technical support from ASP-RSPN.



Strategic Planning Institutionalized in Key Departments of Khyber Pakhtunkhwa with ASP-RSPN's Support – a Landmark Achievement

In continuation of its efforts to build the institutional capacity of Pakistani organizations, Assessment and Strengthening Program (ASP-RSPN) supported GoKP in developing long-term strategic plans for six provincial departments and incorporating them in the provincial budgets of subsequent years in order to enhance the departments' institutional capacity.

Institutional strengthening plays a central role in enhancing the ability of governments, private sector entities, nongovernmental organizations, and other civil society institutions to implement programs, while increasingly enabling organizations to implement programs more effectively. In this intervention, ASP aimed to bolster efforts of the Government of Khyber Pakhtunkhwa to strengthen institution building in six (6) provincial departments, Health, Higher Education, Public Health Engineering, Irrigation, Social Welfare and Population Welfare, through developing well-structured strategic plans.

These strategic plans were seen as necessary for long-term planning and more efficient operation of these departments by helping them overcome various institutional constraints such as inefficient budget allocation, weak project monitoring and poor compliance with government regulations. Strategic planning helps public sector organizations in having a clear understanding of objectives and requisite planning without which the achievement of long term organizational goals is not possible. More importantly, given the scarce resources of the public sector, both at the federal and at the provincial level, careful strategic planning to maximize institutional efficiency is of utmost importance.

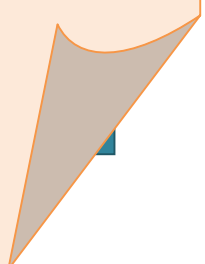
The project was planned under a two-phase capacity building framework; the first phase included carrying out SWOT analyses, providing technical assistance to the Finance Department of the Government of KP as well as the preparation of the Strategic Plans and Annual Action Plans for the six provincial departments. The second phase included the incorporation of the aforementioned plans in the annual budget for the financial year 2013-14. These Plans not only identified strategic issues confronting the departments but also elaborated a results chain consisting of outcomes and outputs. In addition, specifically gender issues were also addressed while identifying the strategic needs of these departments and a range of gender-sensitive outcomes and indicators were also incorporated in some result areas of the strategic plans.

The key deliverables of each department included an Inception Report, a Situation Analysis report, Strategic Plan and Annual Action Plan (2013-14) in the first phase and Annual Budget for financial year 2013-14 in the second phase. The Capacity Building Plan was completed in June 2013 with the presentation and approval of Annual Budgets of these departments by the provincial legislature. The project was immensely successful as it managed to achieve all the goals and deliverables envisaged in the Capacity Building Plan within the time frame that had initially been agreed upon. Success of the project is also reflected by fact that the Finance Department of the GoKP has requested for the continuation of technical support from ASP-RSPN and the extension of the capacity building plan to other departments of the provincial government.

The Provincial Government of Khyber Pakhtunkhwa in its Budget White Paper (2013-14) officially commended the efforts of ASP-RSPN in assisting the GoKP in boosting its institutional capacity and effectiveness. The inception of the gender sensitive strategic planning is reckoned as a notable accomplishment under the ASP's interventions. The initiative of Strategic Planning has been institutionalized by setting up of a monitoring mechanism in Finance Department of GoKP that will track progress against the milestones and targets set in the Plans through agreed upon Key Performance Indicators (KPIs). In this way, a long-felt gap in addressing government business beyond the short term has been plugged. The acceptance of this model by the political leadership is a landmark development.

“Government of Khyber Pakhtunkhwa really appreciates the efforts under taken by USAID in carrying out its reforms agenda under the umbrella program of PFM, to improve the effectiveness of its governance and, more importantly, stimulate economic growth in the province. USAID through Assessment and Strengthening Program (ASP) provided technical assistance to these departments in developing strategic plans and its implementation by linking it with budgetary outlays.”

(Budget White Paper (2013-14), Government of Khyber Pakhtunkhwa)



3. Project Implementation

Role of Central Program Office & Provincial Program Offices

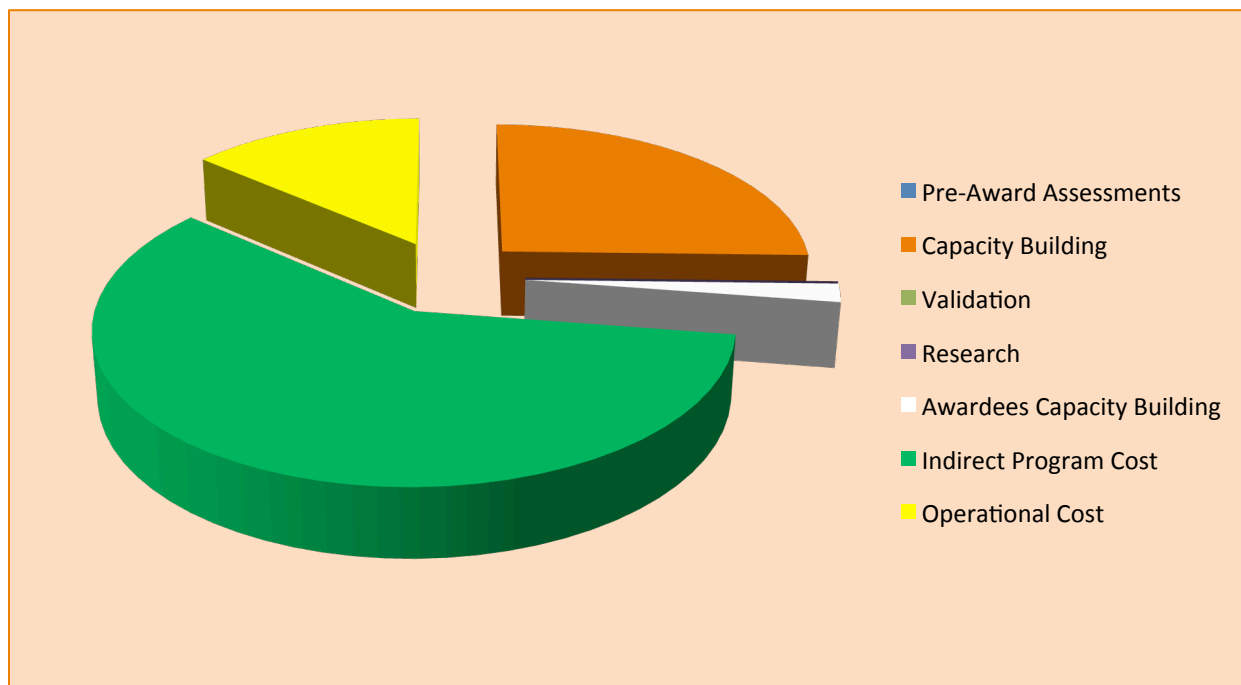
ASP has a Central Project Office (CPO) based in Islamabad and four Provincial Project Offices (PPOs) in Lahore, Karachi, Quetta and Peshawar. The role of the CPO is to implement four components of the program and provide strategic guidance, technical back stopping, financial management, contract management and donor coordination. The provincial units are responsible for coordination, monitoring and implementation of activities at the provincial level. During the reporting quarter, the CPO and PPOs remained fully functional as per their mandates.

Like the Central Program Office (CPO) at the federal level, the PPOs also have an important role as being the field face of ASP-RSPN at the provincial level and act as catalyst in smooth implementation of activities. They undertake to liaise with the target organizations. The PPOs perform varied functions including but not limited to participation in strategic meetings, finalization of planned deliverables by consultants/firms, arrangement and participation in discussions/ meetings with the institutions; gathering departments' policies/procedures documents, identification of potential expert human resource and facilitation to ASP-LUMS in getting nominations from the provincial departments.

During the last quarter, all PPOs remained actively involved in direct execution of activities at the provincial level. The PPO in Khyber Pakhtunkhwa and Sindh ensured their continuous presence during on-the-job technical assistance phase in PaRRSA, MSDP and SBEP. Likewise, provincial office in Punjab successfully managed the capacity building of SMEDA. The office continued its engagement with government functionaries and other organizations to build a positive image of the project. PPO Punjab is currently engaged in the CB of AHAN project. The PPO in Balochistan remained involved in seeking nominations from provincial departments for training at LUMS and responding to requests from CPO on capacity building related requirements. Capacity Building of Balochistan PPRA is also being managed by the provincial team and also gearing up to take Validation exercises for Small Grants Program.

4. Financial Progress for the period July to September 2013

The following graph reflects an overview of the expenditures (in US Dollars) against the Program Components/Sectors during the 4th quarter of Year-3 (Jul 2013 – Sep 2013). An expenditure of US \$ 565,571 was made against the quarterly budget of US \$ 1,223,374.



The month-wise detailed financial report reflecting the expenditure in US Dollars against the quarterly budget is shown below:

Budget Heads	Budget in USD	Expenditure in USD			
		Jul-13	Aug-13	Sep-13	Qtr.4 Total
Pre-Award Assessments	111,000	-	-	-	-
Capacity Building	296,600	52,966	21,777	68,893	143,637
Validation	37,500	-	-	-	-
Research	38,033	-	-	-	-
Awardees Capacity Building	36,000	7,069	-	4,084	11,153
Indirect Program Cost	533,396	106,324	113,722	112,971	333,017
Operational Cost	170,846	26,263	21,788	29,714	77,764

GRAND TOTAL	1,223,374	192,622	157,288	215,661	565,571
--------------------	------------------	----------------	----------------	----------------	----------------

Annex – I: Component Wise details of assignments as of September 30, 2013

S. #	Name of Assignment/Institution	Status
Assessments		
1	83 Assessments under Third Party Validation of CDCP	Completed
2	Pre-Award Assessment of NESPAK	Completed
3	Pre-Award Assessment of National Highway Authority	Completed
4	Pre-Award Assessment of Abacus Consulting Pvt. Ltd.	Completed
5	Pre-Award Assessment of Halcrow Pvt. Ltd.	Completed
6	Pre-Award Assessment of National Development Consultants Pvt. Ltd.	Completed
7	Pre-Award Assessment of A.A. Associates Pvt. Ltd.	Completed
8	Pre-Award Assessment of Echo West Consulting Pvt. Ltd.	Completed
9	Pre-Award Assessment of Qavi Engineering Pvt. Ltd.	Completed
10	Pre-Award Assessment of EA Consulting Pvt. Ltd.	Completed
11	Pre-Award Assessment of Matracon Pvt. Ltd.	Completed
12	Pre-Award Assessment of Izhar Construction Pvt. Ltd.	Completed
13	Pre-Award Assessment of Marie Stopes Society	Completed
14	15 Assessments under IPAF for current year	To be done by USAID
15	9 remaining Pre-Award Assessments for current year	Not assigned
Capacity Building		
1	Pre-Obligation/Project design support to MSDP Sindh	Completed
2	Pre-Obligation/Project design support to SBEP	Completed
3	Project design support to Agriculture dept KP; Command Area Development Program of Gomal Zam Dam	Completed
4	Project design support to Health dept Sindh; JIMS	Completed

S. #	Name of Assignment/Institution	Status
5	Higher Education Commission	Completed
6	Health Services Academy	Completed
7	Phase-I of Capacity Building support to PaRRSA	Completed
8	Strategic Planning in 6 departments of KP	Completed
9	Small and Medium Enterprise Development Authority	Completed
10	KP Public Procurement Regulatory Authority	Completed
11	Internal Audit in KP	Completed
12	Sindh Public Procurement Regulatory Authority	Completed
13	Secretariat Training Institute	On Going
14	Balochistan Public Procurement Regulatory Authority	On Going
15	Federal Public Procurement regulatory Authority	On Going
16	Department of Auditor General of Pakistan	On Going
17	Aik Hunar Aik Nagar	On Going
18	WAPDA Administrative Staff College	On Going
19	Phase-II of Capacity Building support to PaRRSA	On Going
20	Four (4) remaining CB assignments for current year	Not assigned
Validation		
1	Trust for Democratic Education and Accountability	Completed
2	Abacus Consulting Pvt. Ltd.	Completed
3	Municipal Services Program, KP	On Going
4	Three (3) Power Generation Companies (GENCOs)	On Going
5	36 Small Grants and Ambassador Fund Program NGOs	On Going
6	14 remaining Validations	Not assigned
Research		
1	Assignment Account/Revolving Funds Account	Completed

S. #	Name of Assignment/Institution	Status
2	Planning Process in GoP sector	Completed
3	Project Management Unit's approach	Completed
4	Institutional Performance Assessment Framework/PFM Assessment Framework	Completed
5	One (1) research for the current year	Not assigned
Awardees Capacity Building		
1	General Training Component	Completed
2	Development of Policies & Procedures for RSPN and NRSP	Completed
3	IT Infrastructure development for NRSP	Completed
4	SAP B-1 implementation for ASP-RSPN	Completed
5	Software for ASP-RSPN	Completed
6	Capacity Building plan for RSPN	To be approved